**MINUTES**
**of the**
**SECOND MEETING**
**of the**
**LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE**

**July 12-14, 2004**
**Albuquerque, New Mexico**

**PRESENT**
Sen. Dede Feldman, Chair
Rep. J. Paul Taylor, Vice Chair
Sen. Rod Adair
Sen. Steve Komadina
Rep. Terry T. Marquardt (7/12)
Rep. Rory J. Ogle (7/12, 7/13)
Sen. Mary Kay Papen (7/13, 7/14)
Rep. Jim Trujillo

**ABSENT**

**Advisory Members**
Rep. Gail C. Beam (7/13, 7/14)
Sen. Sue Wilson Beffort
Rep. William "Ed" Boykin
Rep. John A. Heaton
Sen. Linda M. Lopez (7/14)
Rep. Antonio Lujan
Rep. James Roger Madalena
Rep. Rick Miera (7/12, 7/14)
Rep. Al Park (7/12, 7/14)
Rep. Danice Picraux
Sen. Bernadette M. Sanchez
Rep. Edward C. Sandoval (7/14)
Rep. Gloria C. Vaughn (7/14)

Rep. Ray Begaye
Rep. Ron Godbey
Sen. Timothy Z. Jennings

(Attendance dates are noted for those not present for the entire meeting.)

**Staff**
Phil Lynch
Raul Burciaga
Ramona Schmidt
Karen S. Wells

**Guests**
The guest list is in the meeting file.

**Monday, July 12**

Senator Dede Feldman, chair, opened the meeting and asked committee members and members of the staff to introduce themselves. She reviewed the agenda for the July 12-14 meeting.

Secretary Patricia Montoya, Department of Health (DOH), introduced her staff in attendance. Secretary Montoya addressed recent departmental issues, including fiscal impact review and assessment, review of non-direct health contracts and administrative efficiencies. She outlined DOH issues relating to what has occurred during the past 18 months, improving department accountability, efficiency and effectiveness, and developing additional resources.

Secretary Montoya paused for questions by committee members. The following topics were addressed:

- number of contracts under DOH;
- turn-around time for blood alcohol levels;
- criteria for behavioral health, evidence and research-based practices – Dr. Pam Martin reviewed statewide substance abuse intervention and treatment, the seeking of primary care and the behavioral health nexus;
- maternal child health funding concerns;
- border health and appropriation of money;
- regionalized behavioral health possibilities;
- concerns with information sharing with individuals who do not have access through computers and web sites;
- recognition and prioritization of funding to be spent on health care in New Mexico and importance of the DOH, including statewide care of Native Americans;
- support for DOH by committee members; and
- waiver earmarking and its impact on programs discussed.

Secretary Montoya continued her presentation by addressing FY06 concerns and what DOH is doing to increase revenue and control costs. Secretary Montoya reviewed continuing challenges, including the state comprehensive strategic health plan (SCSHP) and health priorities such as childhood immunizations, obesity, teen pregnancy, youth suicide and hepatitis C. Secretary Montoya reviewed the next steps for the comprehensive strategic health plan, including alignment and integration, operations plans, DOH performance improvement process and program area reorganization from five to nine program areas. The reorganization is occurring to provide more accountability and efficiency. DOH strategic directions and information were outlined as to the director, purpose, major concerns, budget and staffing for each of the nine reorganized program areas: prevention and health promotion; health infrastructure; surveillance, response and reporting; testing and pharmaceuticals; behavioral health services; long-term care services; developmentally disabled community services; licensing, certification and oversight; and administration and policy.

Questions and discussion occurred regarding: the teenage pregnancy epidemic; the rise in HIV rates in New Mexico and whether the increase is due in part to individuals moving into the state to access the excellent state program; the impact on health care with provider movement out of the state; and a school-based health model developed with a primary care physician. Regarding

the implementation of a consolidated PDL, it was noted that DOH is working with a pharmaceutical vendor, the governor's office and the Human Services Department (HSD) to maximize pricing and inventory; limit the formulary; and review atypicals. DOH will report as to the progress of 340B pricing as mandated through legislation at a future HHS meeting. Collaboration requirements to implement the comprehensive strategic health plan with other departments and committees was noted. SCSHP is moving forward, but the delivery system and the financing of the health plan, which is the next step, will be of extreme importance.

Public comment was offered by Doris Husted, ARC New Mexico, and Rachel Feddy, counsel for the Protection and Advocacy Family Infant Toddler Program.

Secretary Pamela S. Hyde, HSD, introduced her staff in attendance. She reviewed HSD's mission and roles, including: reducing poverty; income and jobs related to TANF; income general assistance; child support enforcement; food stamps; emergency food/commodities; low-income energy assistance program; how Medicaid enrollment has slowed in the past several months due to closing old cases but the expectation is that the slowing will not continue; the primary care case management pilot program with Albuquerque-area IHS; and Navajo-area IHS for Native American fee-for-service population.

Secretary Hyde reviewed HSD administrative accomplishments, including: a statewide immunization information system; ISD2 data system replacement in concept; Medicaid MMIS (fiscal agent) RFP in process; on time audits; and reorganization/position vacancies. Five major challenges include: TANF; general assistance; Medicaid; child support enforcement; and insufficient staff — central office and field — to manage changes. HSD's commitments to New Mexico were also reviewed.

Secretary Hyde stood for questions and the following topics were discussed:

- how the TANF shortfall would affect kindergarten funding;
- HSD staff will work with a consultant to effect cost allocation;
- the appearance of poverty against the increase in economic indicators (per capita income);
- the school-based services pilot project;
- TANF allocation and funding allowances;
- the interchange between WIA and TANF;
- primary care case management pilot program with IHS;
- the effect of Medicaid on the legislative budget last year and its effect on this coming year — as the federal match is reduced, the need for state general fund money will increase;
- teen pregnancy program funding and initiatives; and
- how CMS asked HSD for clarification regarding Medicaid bed surcharge (HSD has not heard back on the response).

Secretary Hyde reviewed the HRSA State Planning Grant and the resources involved. Three different benefit plans similar to the SCI package, the current New Mexico state employee point

of service plan administered by BC/BS and a catastrophic plan will be developed. Only 50 percent of private employers are offering insurance in the state.

A draft of the HSD uninsurance household survey was reviewed. Issues raised included: if the survey speaks to uncompensated care costs; capturing undocumented immigrants; language barriers; and the non-inclusion of cell phone users. The target date of completion for the survey is October 2004.

Public comment was offered by Jim Jackson, Protection and Advocacy Center for People with Disabilities.

The meeting was recessed at 5:00 p.m.

**Tuesday, July 13**

Phil Lynch and Karen S. Wells informed committee members on the progress by Legislative Council Service staff and others regarding the legislative mandate in House Bill 955 (Laws 2003, Chapter 380) to study and report the cost to provide health care in New Mexico. The individuals involved and the areas of research were identified. The study will include federal, state and private payer costs and recent trends on the federal, state and New Mexico levels. Mr. Lynch stated that staff will work with information gathered from the HRSA grant to avoid duplication of effort where possible. Ms. Wells clarified that the study will look at direct and indirect costs but not environmental costs such as water treatment and education for health care providers. Staff responded to questions from committee members regarding process, time line, economic impact and categories involved in the study.

Minutes of the June 15, 2004 HHS meeting were moved for acceptance by Senator Papen and were seconded by Representative Trujillo. The minutes were approved as presented.

Secretary Michelle Lujan-Grisham, Aging and Long-term Services Department (ALTSD), and Deputy Secretary Deborah Armstrong, ALTSD, outlined the long-term care system involving information, access, service options and quality and the leads taken. Secretary Lujan-Grisham discussed the following topics: the aging and disability resource center grant that will be launched in September; consumer protection; service options; service-friendly; consumer directed; a single self-directed waiver; global waivers; LTC interagency act; consolidation of services; end-of-life care; and integration of primary, acute and long-term care.

Ms. Armstrong reviewed the reorganization chart, the long-term care ombudsman state program report from fiscal years 2001-2003 and coordinated long-term care facility oversight addressing quality of care issues, including general complaints, substantiated abuse, neglect and exploitation complaints, billing and fraud complaints and provider quality initiatives.

Secretary Lujan-Grisham and Ms. Armstrong stood for questions. Issues raised included: audits to help address core problems in facilities; ongoing education for Medicare prescription discount cards and the notification to legislators when meetings are held in their districts; pain

management and barriers to providers' willingness to prescribe; payment discrepancy with D&E and DD waivers; and the brain injury program legislation that was vetoed this past session.

Public comment was offered by Jim Jackson, executive director of the Protection and Advocacy Center for People with Disabilities.

Secretary Mary Dale Bolson, Children, Youth and Families Department (CYFD), addressed the direction of CYFD as to vision, mission, principles and initiatives. Family services overview included the FY05 operating budget; major program areas of child care; early child development; community-based services; and children's behavioral health and domestic violence. Secretary Bolson reviewed family services strategies to promote the coordination of early childhood development programs; enhance the child care assistance program; grow quality child care; ensure that CYFD-involved youth receive needed behavioral health and community-based services; and enhance domestic violence services. Discussion ensued as to the funding involving domestic violence and batterers.

The protective services overview included the FY05 operating budget, major program areas of child protective services, foster and adoptive care, and adult protective services. Protective services strategies include: achieving targets in the stipulated exit plan relating to the *Joseph A.* consent decree; enhancing statewide central intake (SCI) services; continuing to achieve federal program standards; and developing and implementing the adult protective services transition plan with the ALTSD. Child welfare standard graphs were shared. Juvenile justice services overview of the FY05 operating budget and major program areas included juvenile probation and parole services; juvenile rehabilitation facilities; juvenile community corrections; and behavioral health treatment. The juvenile justice services goals include a redeployment diagram. Juvenile justice services strategies include: supporting local communities to develop and implement detention reform; redeploying facility resources to provide enhanced "front-end" supervision and treatment services; and developing enhanced facility mental health services.

Committee members questioned Secretary Bolson on CYFD issues relating to juvenile rehabilitation facilities; procedural changes affecting methamphetamine labs; the opportunity to use current facilities in a different approach; the membership components and purpose of the legislatively mandated Children's Subcommittee of the Behavioral Health Planning Council; and protocols for transferring staffing from CYFD to ALTSD.

Public comment was offered by Jim Jackson from the Protection and Advocacy Center for People with Disabilities.

HHS committee members joined members of the Legislative Finance Committee and Secretary Bolson on a tour of the Youth Diagnostic and Development Center.

**Wednesday, July 14**

The Legislative Health and Human Services Committee met jointly with the Legislative Finance Committee at the University of New Mexico (UNM) Health Sciences Center. Senator Altamirano reconvened the meeting at 8:30 a.m.

Dr. Phil Eaton welcomed committee members to the UNM Health Sciences Center and reviewed the results of funding that has resulted in expansion at the center. Dr. Eaton addressed serving the underserved population and advances in science.

Dr. Cheryl Willman reviewed the UNM Cancer Research and Treatment Center (CRTC) mission, organization, staff and faculty, population treated, the National Cancer Institute designation and time line, partnership for statewide delivery, research, federal funding, goals of UNM CRTC and the CRTC Phase II new clinical facility construction. Dr. Willman discussed the population base of patients: 50 percent from three counties surrounding Albuquerque and 50 percent from elsewhere. Children are also seen from eastern Arizona, northeast Texas and southern Colorado.

Dr. Gary Rosenberg spoke to committee members regarding the area of stroke, including statistics of stroke in the United States; examples of optimal care; potential improvements using optimal treatments in New Mexico; JCAHO and NIH emphasis on improving stroke care; building on research; and the stroke team at UNM. Discussion as to access of care throughout the state ensued.

Dr. Sanjeev Arora addressed Project ECHO (Extension for Community Health Outcomes), whose mission is to develop the capacity to safely and effectively treat chronic common and complex diseases in rural and underserved areas and to monitor outcomes. Dr. Arora reviewed hepatitis C statistics in New Mexico; the methods for providing treatment and the steps involved; the community health extension agent; how to build bridges between various isolated domains and diseases; the role of knowledge network; and the increasing gap between knowledge and increasing technology through the use of "tele-rounds". Dr. Arora reviewed an economic model of the current health care system (which currently annually spends $1 trillion nationally). He stated that the fee-for-service system supports innovation but does not provide the optimum mix of outcomes and innovation. If a knowledge network is added to the mix, it could help avoid unnecessary costs and result in savings. The use of electronic medical records for best practices and protocols is fundamental but is currently limited due to financial restraints.

Dr. Eaton spoke on economic development and the UNM Health Sciences Center biomedical corridor, including restricted contract and grant expenditures related to research growth. The invention activity for the past two fiscal years resulted in 80 invention disclosures, 65 patent application files, 16 patents issued, 13 option agreements/licenses signed and three start-up companies formed. Economic impact and improving the quality of life for New Mexicans were discussed.

UNM Health Sciences Center staff stood for questions. Issues raised included the increasing number of individuals in New Mexico diagnosed with AIDS; the retention rate of UNM-educated providers; and the concern with increasing costs of providing health care. Senator Altamirano was recognized for his support toward health care in New Mexico.

Steve McKernan, chief executive officer of the UNM Hospital (UNMH) and Health Sciences Center discussed the expansion project description and a summary of the financial feasibility study. The project of building a replacement hospital, the children's hospital and critical care pavilion includes: replacement and new acute care beds; enhancement of children's hospital; expansion of emergency department; and the purchase of parking spaces from UNM. The estimated costs for the project include: construction costs, capitalized interest, a debt service reserve fund, expected negative arbitrage, issuance and other costs. Mr. McKernan addressed more detailed project information, including: the beds by service type; the construction timing; the service area definition; the population growth; the inpatient use rates; and the market share. Mr. McKernan reviewed the forecasted financial statements reflecting forecasted statements of revenue, expenses and changes in net assets, the forecasted statements of net assets and the forecasted statements of cash flows. Also shared with committee members was information on the financing objectives and proposed financing plan sources and uses, including the feasibility study sources and use of funds and the current market sources and uses of funds; the UNMH proposed debt service; the projected debt service coverage of UNMH after debt issuance; the consolidated UNM and UNMH proposed debt service; projected debt service coverage of UNM (both independent and consolidated) with the UNMH debt issuance; and a schedule of critical events.

Mr. McKernan shared the eligibility requirements for individuals who have an income below 235 percent of the federal poverty level: 90-day residency, assets below guidelines and completion of an interview process and verifications. Eligibility is given 30 days to one year and patients at 236-350 percent of the federal poverty level are eligible for a 33 percent discount. The types of financial assistance include: UNM Care; the Bernalillo County Financial Assistance Program (BCFAP); the Out-of-County Financial Assistance Program (OOCFAP), which is secondary to Medicare/insurance; and a discount program. Co-pays apply to UNM Care, BCFAP and OOCFAP and are dependent on income. The services provided (only UNM hospitals) and the services not provided were reviewed. The issues related to self-pay patients who do not qualify for the financial assistance were shared. Discussion ensued regarding sole community provider funds, the county indigent funds, the HIFA waiver and the SCI program.

Mr. McKernan then reviewed the Care One Project Pilot, including: goals; basis; care one defined; discussions with content experts on how to deal with system disconnects; the pilot design; the intensity of resources and time line; the purpose of the pilot; what the assessment center does; the anticipated pilot roles; care one in primary care; the care team activities; the pilot plan for assessment center; the requirements of health sciences center providers; the requirements of health sciences center facility; gauges on the dashboard, including outcome measurements; and potential benefits.

HSD Secretary Hyde outlined the background and origins of the interdepartmental Behavioral Health Purchasing Collaborative, which will be in effect in FY06. The goal is to create a single behavioral health delivery system across multiple state agencies and multiple funding sources. Secretary Hyde then reviewed the problems to be solved; the desired results; the statutory purpose of HB 271 (Laws 2004, Chapter 46); the purchasing collaborative vision; and the 17

purchasing collaborative members. Secretary Hyde answered questions regarding the roles and interplay of the substance abuse, DWI and behavioral health treatment "tsars". Secretary Hyde continued reviewing the outline, including the behavioral health design work group. A statewide entity will be responsible for the following: to contract with and pay providers or provider groups; to help blend funding streams by increasing flexibility and maximizing resources; the credentialing and quality oversight of providers; utilization review and management; ensuring care coordination; assisting the collaborative in developing and nurturing local systems of care; consumer/family relations; collecting, managing and reporting data; the procurement process for the statewide entity; the local systems of care; LSOC responsibilities, the Behavioral Health Planning Council statutory duties and membership; the development process to date; the current staff subgroups; the phases; target dates that are subject to change; the public input venues; phase one is July 1, 2005 to June 30, 2006; main goals of services provided, providers paid and data reported; phase two is July 1, 2006 to June 30, 2008; phase three is July 1, 2008 forward; the types of resources involved; what's in when — phase one; what's in when — phase two (under consideration); and there are two types that will not be included — in-facility behavioral health services for adult corrections and the Administrative Office of the Court funding for drug or mental health courts. DWI funding for counties will remain within the counties.

DOH Secretary Montoya spoke about the collaboration of the departments and acknowledged the effort by all involved. Seventeen agencies and departments are involved in the process. Major concerns include loss of major administrative capacity but there will be assistance in removal of duplicative administrative services if affected by more than one service. Billing service definitions are also of concern and will be consolidated as well. Entities that have shown interest are from both in and out of state.

Mark Weber, a Legislative Finance Committee analyst, shared his analysis of issues for HSD and DOH. He reviewed current expenditures as reported and stated it is unclear how this will assist in making much of a dent. It is unclear how current expenditures will affect the consumer at this point. If the entity is not an insurance company, the premium tax currently collected by the state will be lost and will make the program considerably more expensive. He noted there was no provision for quality indicators in the concept paper.

Secretary Hyde stated that she is aware of the premium tax concern and the Department of Insurance will be at the August 4 meeting and may assist in revealing both advantages and disadvantages. Secretary Hyde noted that the goal is not to save money but rather to act more efficiently. Performance measures will be in place to monitor quality and performance. The efficiencies may occur not only at the state level but also at the provider level in the administration of multiple funding streams.
A question was raised as to the amount of money spent on behavioral health. Secretary Hyde stated that reported behavioral health expenditures are between $200 and $400 million, but she cautioned that those are not current numbers and they are being re-examined. One legislator requested an explanation as to why a SALUD! HMO had informed its behavioral health provider in the southern region that it was reducing reimbursement by approximately 50 percent, noting that it probably meant the end of that provider organization and severely reduced behavioral

health services across the entire southern part of the state. The request included the amount of money that the SALUD! managed care organizations spend on behavioral health so that the legislature can better assess accountability by the managed care organizations and the department. A chart clarifying what will be accomplished by the purchasing collaborative reorganization was also requested.

Public comment was offered by Nancy Koenigsburg, Protection and Advocacy Center.

The meeting was adjourned at 4:45 p.m.